

EXHIBIT A

Ralph S. Tyler
Deputy Attorney General

The major U.S. cable television companies today agreed to historic changes in the cable television industry that will introduce real competition and curb these companies' monopoly over

franchise to a cable operator for that particular geographic area. However, alternative technologies exist that are capable of bypassing cable companies' wires and providing the same programming offered by cable companies without having to obtain a franchise. These technologies utilize direct satellite-to-earth broadcasts or microwave transmissions.

Curran alleged that the cable companies prevented other companies with alternative technologies from acquiring the programming they needed to compete effectively with cable operators.

"Programmers were wrongfully coerced into making these cable companies the exclusive carriers in a franchise area or, at least, made to sell their programs to potential competitors with alternative technologies at a more expensive rate than those given the cable companies", Curran said.

Curran also asserted that the cable companies formed Primestar to acquire transmission rights on a satellite that would permit technologically advanced direct satellite-to-home broadcasts. After acquiring these rights, Curran said, the companies conspired to block development of this new technology by offering only programming that did not compete with cable programming.

Under the terms of the settlement, the cable companies will not be permitted to have any agreements with programmers granting the cable companies the sole right to carry existing programming; moreover, they will be limited in acquiring exclusive carriage agreements for newly created programming. In addition, these cable companies will be prohibited from retaliating against any programmer for dealing with their competitors. Finally, programming owned or controlled by the companies must be made available to alternative technologies on competitive terms.

"Consumers who don't like their cable bills or the way they are treated by cable companies may soon have high tech alternatives," Curran said.

The defendants have also agreed to pay the states a total of \$4.85 million in investigative costs and attorneys fees. Maryland's share of this money, over \$600,000, will be paid into the State's General Fund. The states' lawsuit and the consent decree were filed with a federal court in New York City.

The Antitrust Division of the United States Department of Justice also filed a settlement today with the federal court in New York City. This settlement, which focuses more narrowly on the Primestar joint venture, marks the second time in less than three years that the states and the federal government have worked together

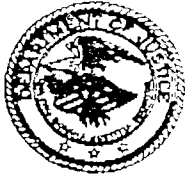


EXHIBIT B

Department of Justice

FOR IMMEDIATE RELEASE
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AT
(202) 514-2007
TDD (202) 514-1888

**JUSTICE DEPARTMENT FILES ANTITRUST SUIT AND PROPOSED CONSENT
DECREE AGAINST PRIMESTAR GROUP FOR ANTICOMPETITIVE PRACTICES**

WASHINGTON, D.C. -- The Department of Justice today filed a civil antitrust suit against Primestar Partners L.P., its 10 member companies and the parent companies of those members for restraining competition in the multichannel subscription television service by blocking other firms from entering the direct broadcast satellite (DBS) business. At the same time, the Department filed a proposed consent decree that, if approved by the court, would settle the suit.

The suit and proposed consent decree were filed in U.S. District Court in Manhattan, New York.

The complaint alleged that the defendants engaged in a continuing agreement, combination and conspiracy to restrain competition in multichannel subscription television service by forming Primestar Partner L.P. to block other firms from entering the DBS business in violation of Section 1 of the Sherman Act.

The complaint also alleged that the effect of the Primestar venture has been to delay, if not prevent, entry into the DBS business through an agreement to restrict access to programming

(MORE)

owned or controlled by the venture's partners to other companies that want to start a competing (DBS) service.

"Without adequate programming, a service competitive with existing cable monopolies can't get off the ground," said John W. Clark, Acting Assistant Attorney General of the Antitrust Division. "Primestar's formation made programming much more difficult to obtain, and deterred entry by others."

Primestar Partners L.P., based in Bala Cynwyd, Pennsylvania, is a joint venture partnership formed by some of the nation's largest cable television companies, some of which also are leading suppliers of video programming.

The defendant Primestar members and their principal offices are:

- ATC Satellite Inc., Stamford, Connecticut.
- Comcast DBS Inc., Philadelphia.
- Continental Satellite Co. Inc., Findlay, Ohio.
- Cox Satellite Inc., Atlanta.
- GE Americom Services Inc., Princeton, New Jersey.
- New Vision Satellite, East Syracuse, New York.
- TCI K-1 Inc., Denver.
- United Artists K-1 Investments Inc., Denver.
- Viacom K-Band Inc., New York City.
- Warner Cable SSD Inc., Stamford, Connecticut.

(MORE)

The complaint also named as defendants seven multiple cable system operators (MSOs) that are corporate parents of Primestar members:

- Tele-Communications Inc., Denver.
- Time Warner Inc., New York City.
- Continental Cablevision Inc., Boston.
- Comcast Corporation, Philadelphia.
- Cox Enterprises Inc., Atlanta.
- Newhouse Broadcasting Corporation, East Syracuse, New York.
- Viacom Inc., Dedham, Massachusetts.

GE American Communications Inc., a subsidiary of General Electric Co., with its principal office in Princeton, New Jersey, also is a defendant.

Primestar was formed in order to offer a multichannel subscription television service, called "Primestar," which is transmitted directly to consumers via a medium-power satellite owned by GE American Communications Inc. This type of service, commonly referred to as direct broadcast satellite, uses a

programming to any provider of multichannel subscription television.

It also would prohibit the defendants from agreeing to take any action against a person who provides programming to or invests in any provider of multichannel subscription television.

The proposed consent decree would also prohibit the MSO defendants from reaching agreements with each other that would affect the availability, price, terms or conditions on which programming could be made available to other providers of multichannel subscription television.

It would also prohibit the MSO defendants from entering into or renewing any agreements with specified programming services that contain exclusive distribution provisions.

According to Clark, the proposed consent decree would prevent the possible anticompetitive consequences of the Primestar venture, while still allowing Primestar to continue to provide DBS service to consumers.

The public can comment on the proposed consent decree within a 60-day comment period in compliance with the Antitrust Procedures and Penalties Act. Interested persons should write to Richard L. Rosen, Chief, Communications & Finance Section, Antitrust Division, Department of Justice, Room 8104, 555 4th Street, N.W. Washington, D.C. 20001.

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Cable Firms Open Up to Competitors

Settlement With U.S., States May End Programming Monopoly

By Paul Farhi

Washington Post Staff Writer

State and federal authorities have settled a massive antitrust dispute with the nation's largest cable television companies, winning concessions that could help open the cable industry's virtual monopoly over TV subscribers to other forms of competition.

Attorneys general from more than 40 states will announce a settlement today with seven major cable companies following a nearly five-year

probe by seven states, including Maryland, New York and California, sources close to the investigation said yesterday.

A separate though somewhat narrower agreement will be signed by the companies with the Justice Department, which conducted a parallel inquiry.

Investigators involved in the case said the settlement will ensure that satellite broadcasters, microwave-relay TV systems and others that have sought to compete against the cable industry will be able to buy

programming owned or controlled by the cable industry.

These competitors have complained for years that the cable industry refused to sell them cable programming, such as CNN or MTV, or made it so expensive they couldn't be competitive. Without being able to air these networks, the competing services say they can't attract customers. Greater competition for cable companies presumably would lower consumers' monthly rates.

See CABLE, A12, Col. 4

CABLE, From A1

The settlement includes an agreement by the cable companies that they won't discriminate against a company offering a competing technology, and that they will sell cable-owned programs on "reasonable terms," said an attorney close to the cable companies. The cable firms also have agreed to reimburse the states \$5 million for their investigative costs.

The agreement comes eight months after Congress passed legislation that contains language guaranteeing similar program availability to cable's competitors, prompting the cable industry attorney to play down the impact of the settlement.

But state officials said the specific rules providing that program access are still being considered by the Federal Communications Commission and face a broad legal challenge from the cable industry. By contrast, said the state officials, today's settlement will go into effect immediately and be binding in most of the nation.

"What we are going to see is the cable monopoly start to crumble, and consumers will start to see a real choice," a leading investigator said. "When your cable bill goes up \$2 per month next year, you're going to be able to call up a [microwave-relay company] and see the same programming for less."

While generally pleased with the settlement, one microwave-relay TV operator said it was too long in com-

ing. "The attorneys general have noodled this problem for four or five years," he said. "Because of the realities of cable's monopoly control, we have been kept from the market. . . . Well, better late than never. I think the end runs are over."

Microwave systems, sometimes known as "wireless cable," use a series of relay towers to send TV signals across town to a small dish at a customer's house. About 450,000 households subscribe to wireless systems.

Direct-broadcast systems (DBS) send TV signals down from a geostationary satellite to a dish antenna on a customer's house. The fledgling DBS field has long been considered a potentially formidable competitor to the cable industry but has never really gotten started. However, two companies, including one owned by Hughes Aircraft Co., are expected to launch systems within a year.

Seven major cable companies that provide service to nearly half of the nation's 57 million cable subscribers, virtually all of them operating in areas without a direct competitor, were the targets of state and federal investigations. The companies include the three largest system owners, Tele-Communications Inc., Time Warner Inc. and Continental Cablevision Inc.

In addition to owning numerous cable systems around the country, TCI owns a portion of such cable channels as Black Entertainment Television and the Discovery Channel, and Time Warner owns HBO.

Both are part owners of Ted Turner's Turner Broadcasting System which owns CNN, TNT, Headline News and superstation WTBS.

The two probes centered on a partnership formed by the seven companies and a division of General Electric Co. called Primestar Partners Ltd. Philadelphia-based Primestar launched a direct-broadcast satellite TV service in 1990 that the cable giants said was designed to offer expanded TV service primarily in rural areas where cable TV is unavailable.

But several state investigators believed that Primestar was actually designed by the cable industry to preempt competition in the DBS field.

By using their control over programming and their deep pockets, the companies hoped to in effect scare off would-be DBS companies, state attorneys said. "It was clear all along to us that if they couldn't kill [DBS], they wanted to co-opt it," said one source.

An attorney close to Primestar disputed this, saying Primestar never received its programming exclusively from the cable companies and that such programming was available to competitors all along.

"In our view, the contents of this settlement differ relatively little, if at all, from the [new] cable law and actual business practices," the attorney said. "If the states want to codify it this way and it makes them comfortable, then that's fine with us."